

MOVING IN THE RIGHT DIRECTION  
REAPING THE BENEFITS OF STRATEGIC DECISION MAKING

By Mayor Gene Winstead

“AAA ratings are reserved for organizations that do just about everything right, just about all the time.” \*

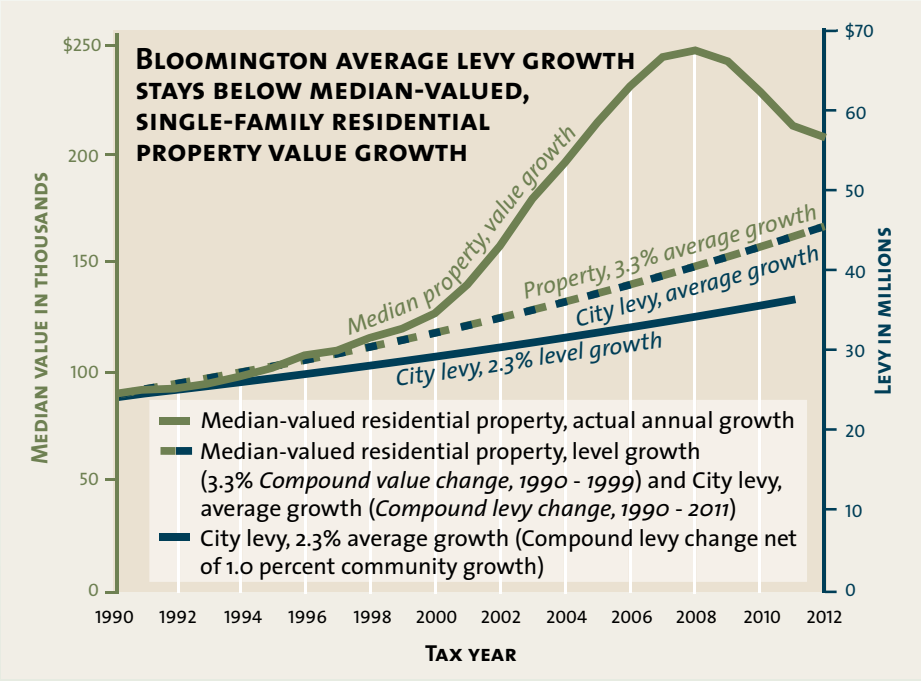
Bloomington has grown and prospered since a strategic choice was made in the early 1960s to take advantage of our geographic position near the transportation hubs of an emerging airport and new freeways. The city moved beyond a traditional post-World War II suburb to a significant residential, commercial, hospitality and retail presence in the metro area.

The community now has more jobs than residents and is one of only 31 communities nationwide with a Triple AAA rating from all three major ratings agencies. A senior fixed-income researcher from Nuveen Investment recently commented in *Finance & Commerce* on the value of a Triple AAA rated community that reflects Bloomington’s approach to strategic decision making. He said, “AAA ratings are reserved for organizations that do just about everything right, just about all the time. Gimmicks and one-time fixes aren’t indicative of true AAA issuers.”

The tradition of strategic planning, updated in 2006 using community input, shaped the mission and values adopted by the City Council in 2008 as *Imagine Bloomington 2025*. The focus was on development plans for the three areas where the most growth could occur: Normandale Lake, Penn-American and South Loop. Growing these areas, as we continue to enhance our residential neighborhoods, will promote a strong, balanced local economy.

During this economic downturn, a question often heard is, “When home values have declined, why don’t property taxes also decline?” While there may not be a simple answer, a good place to start is with an illustration. The graph, *above*, shows what occurred with single-family residential property values over the past 20 years. During the 1990s, market values, as reflected in the median-valued home, averaged about 3.3 percent annual growth. Beginning in 2000, the time of the dot-com downturn, many shifted their investments to residential real estate. This resulted in a housing market bubble. If there had not been a bubble and home market values had increased at the same rate as in the 1990s, values still would not have appreciated to the level they are today even given the decline of the past few years.

In the late 1990s, the City recognized these economic cycles and developed strategies to deal with them, including only staffing City services at levels that could be supported through a normal downturn. As a result, the City’s overall property tax levy increased, on average, at a rate that parallels home price increases in the 1990s. The City’s overall property tax levy, when adjusted for actual community growth, increased at about two-thirds the home value appreciation rate. In other words, the City did not



increase its property taxes during the past decade at anywhere near the rate that market values of homes increased.

Bloomington is very cost competitive when it comes to services. For a breakdown of property tax-supported services by department, see the City’s “checkbook” in the June *Corporate Report*, also available on the City’s website, keyword: [Checkbook](#).

The City Council routinely reviews and prioritizes all property tax-supported services provided to residents. By evaluating those priorities, we determine what the property tax levy should be for the following year. The City Council engaged in this priority-setting exercise in 2010 to lower the total 2011 levy to keep the monthly costs of services for a median-valued home at the same levels as previous years. In 2011, we are again prioritizing services for the 2012 levy.

More recently, we looked at the average property tax share that single-family homeowners pay in each community, removing the sometimes misleading element of value in the discussion. Bloomington is among the lowest, if not the lowest in all comparisons.

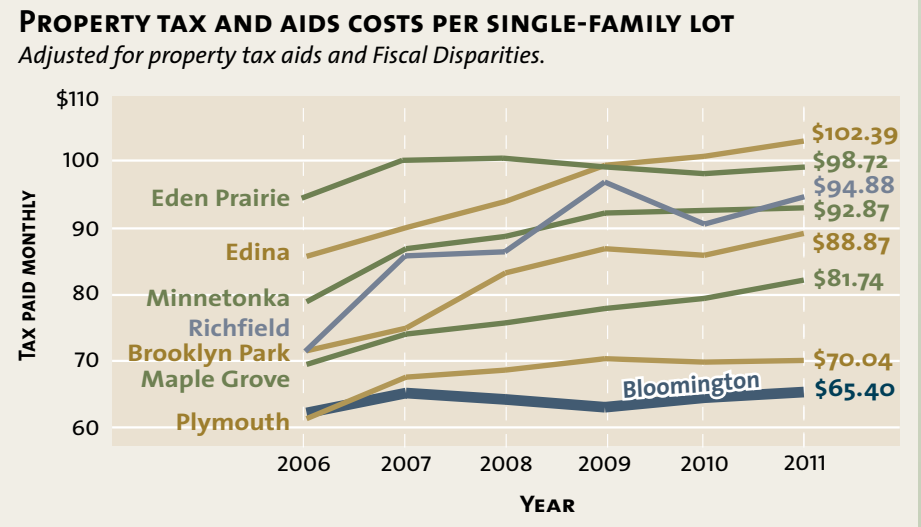
Were it not for the metro area’s fiscal disparities property tax base sharing law, the City share of single-family property taxes in Bloomington would be 18 percent lower. We are even more competitive considering

that Bloomington, unlike many other Minnesota cities, does not receive Local Government Aid and Market Value Homestead Credit from the State as shown in the graph *below*. (If your taxes differ from the tax per lot below, it’s a function of the Minnesota Property Tax system that apportions taxes based on property values.)

As our community becomes more diverse, so do opinions about these matters. The City Council’s role is to balance competing interests and make strategic decisions that not only maintain, but also significantly improve Bloomington services and amenities and keep Bloomington moving forward. An ongoing review helps us meet one of our key responsibilities: to provide excellent services at an affordable cost. All of the aforementioned comparative results are the fruits of the City’s long-term strategic decision making. Best of all, we are competitive enough to continue to attract new market rate investment in the community during the downturn, as evidenced by just three building permits issued in June 2011 for 622 new dwelling units now under construction – more units in one month than in any single year since 1988.

Bloomington will continue to grow and provide affordable, quality services, as a result of a dedication to strategic long-term planning.

WEBSITE KEYWORDS: JUST THE FACTS.



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The City of Bloomington complies with all applicable provisions of the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973, and does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its services, programs, or activities. Upon request, accommodation will be provided to allow individuals with disabilities to participate in all City of Bloomington services, programs, and activities. The City has designated coordinators to facilitate compliance with the Americans with Disabilities Act of 1990 (ADA), and to coordinate compliance with Section 504 of the Rehabilitation Act of 1973 as mandated by the U.S. Department of Housing and Urban Development regulations. For more information, contact the Human Services Division, City of Bloomington, 1800 West Old Shakopee Road, Bloomington, MN 55431-3027; 952-563-8733 (Voice); 952-563-8740 (TTY).

Upon request, this information can be available in Braille, large print, audio tape and/or electronic format.